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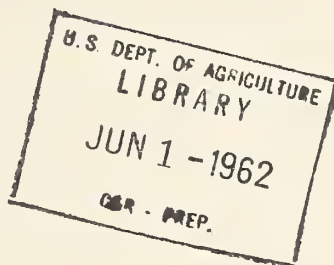
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FOREIGN AGRICULTURE CIRCULAR



U.S. DEPARTMENT OF AGRICULTURE
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SUGAR
FS 2-62
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SUGAR STOCKS DECLINING IN MANY COUNTRIES

A recent study made for 44 countries forecasts an aggregate decline in sugar stocks of about 20 percent during the 1961-62 season to a level slightly under 8 million short tons raw value.

These countries account for about 75 percent of total world production of centrifugal sugar. However, conclusions from this study do not necessarily reflect the position for the world as a whole. This is true because of the major but necessary omission of the U.S.S.R. and most other Communist countries for which comparable data are not available. Indications are that stocks have been increasing in these latter countries primarily because of the unprecedentedly large quantities of Cuban sugar they have imported in the last 2 years.

At the beginning of this season, stocks in these 44 countries totaled 10 million short tons, reflecting the world's record production of nearly 61 million tons in the 1960-61 season. Because of the excessive stocks within their own borders, many countries lowered their 1961-62 sugar production targets. At the same time, yields per acre were generally less favorable in 1961 than in 1962. The combination of lower acreages and lower yields resulted in smaller output.

The forecast of stocks likely to be on hand at the end of this season has been made country-by-country. Consideration was given to this season's currently-expected production and also to prospects in each country for imports and exports, and the level of consumption consistent with recent trends and population growth.

This circular contains more detailed information than the summary published in the monthly supplement issue of Foreign Crops and Markets of February 23, 1962.

The countries selected for following individual comment include those with the largest current stocks, and for which the largest changes in stocks are expected.

Cuba

Although data now coming from Cuba is of questionable reliability, that country will produce substantially less sugar this year than last.

Most of Cuba's output already had been committed to Communist Bloc countries, and most, if not all, of the remainder has been sold in advance of production. Indications are that Cuba might deliver to the Eastern European satellite countries perhaps as much as 500,000 tons less than had been planned, and would seek cash buyers for this quantity in preference to the barter terms it must accept under Communist commitments. In any event, it seems certain Cuba will be in a position not only to move this season's entire output, but also greatly reduce carry-over stocks.

West Germany

In common with a number of other Western European countries, West Germany accumulated burdensome surplus sugar stocks during the 1960-61 season, primarily because of highly favorable weather for sugar beets during 1960. In consequence, acreage was reduced by 12 percent in 1961. As the weather in 1961 was much less favorable than the year before, the reduction in the sugar beet crop was greater than the reduction in acreage.

Latest estimates indicate the sugar output this season will be down about 25 to 30 percent from last season's record. The large sugar carryover with which this 1961-62 season began, together with the reduced sugar output, ensures an ample supply, even assuming much less sugar will be imported this season. Consumption (including use of sugar in manufactured products) is expected to rise only slightly. Sugar exports may increase somewhat because of development aid to Pakistan. Stocks carried over to the beginning of the next sugar season are forecast at about one half million tons below a year earlier.

France

Like West Germany, France also had highly favorable sugar beet growing conditions in 1960. This, together with a 20 percent increase in acreage, resulted in a tremendous sugar beet crop. The record manufactured sugar output was about three-fourths larger than average annual production, and **over** 1.3 million tons larger than the domestic consumption in 1960-61.

February 23, 1962

FOREIGN CROPS AND MARKETS
World Summaries

CENTRIFUGAL SUGAR (raw value): Stocks beginning of new grind, in 44 selected countries, average 1950-51 through 1954-55, annual 1958-59 through 1962-63

Country	Date ^{1/}	Sugar-making season					
		Average					
		1950-51 through 1954-55	1958-59	1959-60	1960-61	1961-62 ^{2/}	1962-63 forecast
		1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
Chile.....	April 1	10	17	17	21	37	19
Colombia.....	May 1	28	17	27	41	80	121
Indonesia.....	May 1	^{3/} 19	22	22	88	100	80
Argentina.....	June 1	36	9	157	414	386	250
Brazil.....	June 1	207	424	622	670	426	605
Fiji.....	June 1	2	3	10	44	8	12
Mauritius.....	June 1	2	4	3	16	4	6
Paraguay.....	June 1	1	4	12	5	1	1
South Africa, Republic of.....	June 1	43	74	116	193	191	213
Australia.....	July 1	130	157	179	210	222	245
British Guiana.....	August 1	6	16	4	12	21	23
Finland.....	August 1	9	46	52	50	49	55
Italy.....	August 1	138	61	252	755	491	394
Canada.....	September 1	58	62	89	66	85	74
Hungary.....	September 1	41	33	36	35	22	20
United Kingdom.....	September 1	846	506	488	619	541	384
Venezuela.....	September 1	20	58	57	66	72	72
Yugoslavia.....	September 1	52	114	114	27	107	77
Austria.....	October 1	39	61	95	116	89	26
Belgium.....	October 1	42	24	42	20	41	27
Costa Rica.....	October 1	5	14	21	10	10	32
Denmark.....	October 1	24	33	127	85	143	62
France.....	October 1	110	88	144	199	929	482
Germany, West.....	October 1	147	187	591	333	678	172
Ireland.....	October 1	^{4/} 28	19	38	37	44	45
Japan.....	October 1	^{5/} 97	159	150	170	202	196
Netherlands.....	October 1	55	78	161	62	174	102
Philippines.....	October 1	46	98	274	345	228	147
Sweden.....	October 1	105	99	165	160	209	192
U.S. & Insular Areas.....	October 1	1,126	845	1,353	1,275	1,165	1,295
El Salvador.....	November 1	7	3	5	5	2	1
Guatemala.....	November 1	6	3	7	2	1	9
India.....	November 1	246	397	169	650	1,400	1,372
Mexico.....	November 1	165	336	503	553	196	131
Taiwan.....	November 1	59	83	155	109	103	85
Thailand.....	November 1	^{3/} 33	9	9	35	18	22
Dominican Republic.....	December 1	33	83	212	125	188	152
British East Africa.....	January 1	^{3/} 10	15	21	24	24	24
Cuba.....	January 1	1,357	603	1,347	1,192	1,196	630
Federation of West Indies.....	January 1	7	15	24	20	48	65
Haiti.....	January 1	2	3	9	5	2	3
Nicaragua.....	January 1	3	4	8	0	0	0
Peru.....	January 1	101	128	106	120	73	46
Panama.....	February 1	2	1	5	2	1	1
Total.....		5,503	5,015	7,998	8,986	10,007	7,970

^{1/} All stock carryover dates, except for January and February 1, apply to the first year mentioned at the head of each column.

^{2/} Preliminary.

^{3/} Less than 5-year average.

^{4/} September 1.

^{5/} January 1.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of U.S. Agricultural Attaches and Foreign Service Officers, results of office research and related information.

Although exports in that season also rose substantially, stocks carried over at the beginning of 1961-62 were at least 500,000 short tons larger than the Government considered desirable. The Government lowered mill production quotas substantially for 1961 and thus indirectly achieved a reduction of about 17 percent in sugar beet acreage. Although production on the reduced acreages was larger than expected, it now appears that sugar output in the 1961-62 season will be more than one million tons lower than last year's record. With imports held to minimum commitments, a slight increase in domestic consumption, and the vigorous export program planned, stocks may be reduced by more than 400 thousand tons.

Brazil

Centrifugal sugar production in Brazil is limited by mill quotas set by the Sugar and Alcohol Institute. With excess land, cane and mill capacity available, expansion has been guided by Government production and price policies, and by a growing interest, especially in the last few years, in the possibilities of export.

A record large sugar output is in prospect for the 1961-62 season which began last June. Domestic consumption, at only a slight increase from the previous season's level, will account for not more than three-fourths of production. The projected build-up in stocks shown in the table is based on the assumption that Brazil might export somewhat less sugar this season than last because of the unusually depressed world market prices for sugar. If, however, prices improve substantially, or if Brazil finds satisfactory export markets for a million tons or more, as happened in 1960-61, then the final stocks figure may be little, if any, larger than at the beginning of this season.

United Kingdom

Since less than one-third of the sugar used in the United Kingdom is produced from home-grown sugar beets, stocks in that country do not necessarily bear any close relationship to domestic production of sugar from such beets. Stocks shown in the accompanying table refer to stocks in bonded warehouses. Stocks held by refiners and by the trade are not shown.

Although domestic production in 1961-62 is forecast at some 13 percent under the previous season's record output, imports are expected to increase enough from the unusually low level of that season to keep total available supplies fairly constant. With no great change in exports expected in 1961-62 and some increase in domestic consumption of sugar, stocks should decline this season.

Argentina

Prior to 1958, Argentina generally balanced domestic sugar production and consumption, with relatively small imports required in some years, and modest exports possible in other years. The harvest which began June 1, 1958, however, set a record, primarily because of exceptional yields; production exceeded normal annual needs by more than 50 percent and large stocks accumulated.

Although sugar production in the 1959-60 season was moderately lower than the 1958-59 record, it still exceeded normal domestic consumption by a wide margin, and stocks rose further to record high levels. Although further reduced in 1960-61, output again exceeded domestic consumption. Consumption in Argentina is hampered by the relatively high level of prices maintained within the country. However, by an unusually vigorous export program backed by export subsidies financed out of a consumption tax, a little progress was made in lowering the excessive stocks in 1960-61.

In the current season, lower yields and a lower tonnage of cane harvested have at last brought prospective sugar production down close to or possibly below the level of annual consumption. Further efforts are being made to export sugar, and closing stocks are expected to be down substantially.

United States

Stocks of sugar in the United States at the beginning of a new season bear little direct relationship to domestic production, since nearly half of the total supplies for mainland consumption are imported. The modest rise in stocks forecast for next October 1 indicates nothing more than a guess that the domestic sugar industry may wish to maintain ample stocks in view of the current uncertainty as to the nature of future sugar legislation in this country.

India

As a consequence of a record centrifugal sugar production in 1960-61, and somewhat disappointing opportunities for profitable exports, India began the 1961-62 sugar season with a record large carryover estimated at about 1.4 million short tons raw value. Although production of this type of sugar will be substantially lower in this 1961-62 season than a year earlier, it is expected to again exceed domestic consumption at the level of prices maintained in India. The Government is continuing its efforts to find satisfactory export markets.

Although still low, prices for sugar on the world market have been rising lately from their prolonged and extremely low level. If India continues to be willing to export sugar at world prices lower than its domestic price level, exports probably can be increased enough this season to make some reduction in the heavy carryover.

Italy

Weather conditions in Italy often seem to be the direct opposite of that in most other Western European countries. In 1959, when much of Western Europe was experiencing a severe drought, Italy had ample rainfall and, unfortunately, an unusually large acreage in sugar beets. The result was a bumper sugar beet crop, and that fall Italy produced more sugar than ever before. The burdensome surplus, so quickly created, was not dissipated as easily.

Domestic sugar prices are maintained at relatively high levels in Italy in part because of substantial taxation of the industry. The high prices not only tend to restrict domestic consumption, but greatly diminish the country's opportunities for exporting any surplus sugar at satisfactory prices. Acreage in sugar beets was reduced drastically in 1960, with a slight further reduction in 1961. The output of sugar in 1960-61 and 1961-62, although nearly one-third lower each year than the record of 1959-60, exceeded requirements in view of the heavy stocks. As indicated by the decline in stocks, however, some progress is being made because annual consumption is somewhat larger than new production. Stocks in Italy are expected to decline this season by nearly 100,000 tons.



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